

PERSONNEL COMMITTEE

12-0101R

RESOLUTION AUTHORIZING EXECUTION OF 2012-2013
PROFESSIONAL SERVICES AGREEMENT WITH DULUTH JOINT POWERS
ENTERPRISE TRUST AND ACCEPTING PAYMENT OF \$255,000
ANNUALLY FOR YEARS 2012 AND 2013 FROM THE DULUTH JOINT
POWERS ENTERPRISE TRUST.

CITY PROPOSAL:

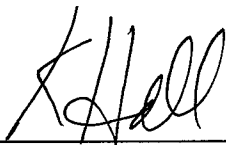
RESOLVED, that the Minnesota department of commerce has determined that the city of Duluth, the Duluth airport authority, the Duluth entertainment and convention center, and the Duluth housing and redevelopment authority operate a joint enterprise for health insurance, including a joint self-insurance pool, referred to as the Duluth Joint Powers Enterprise Trust, a political subdivision self-insurance pool established pursuant to Minnesota Statutes Section 471.69 and Minnesota Rules Chapter 2785;

FURTHER RESOLVED, that the proper city officials are hereby authorized to execute the agreement for professional services with the Duluth Joint Powers Enterprise Trust, together with supporting documents, substantially in the form of that on file in the office of the city clerk as Public Document No. _____, to provide professional services to the Duluth Joint Powers Enterprise Trust, which includes the city's group health insurance plan;

FURTHER RESOLVED, that the proper city officials are hereby authorized to accept \$255,000 annually for the years 2012 and 2013 for professional services further described in those documents referenced above, said funds payable to Fund

No. 110-125-1214-4315-12 (General Fund, Finance Department, Auditor, Cost Allocation Charges Group Health).

Approved:



Department Director

Approved for presentation to council:



Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

HR/ATTY SEH:dma 02/21/2012

STATEMENT OF PURPOSE: The City, the Duluth Airport Authority, the Duluth Entertainment and Convention Center, and the Duluth Housing and Redevelopment Authority operate a joint enterprise for health insurance, including a joint self-insurance pool, known as the Duluth Joint Powers Enterprise Trust. The Duluth Joint Powers Enterprise Trust is a political subdivision self-insurance pool.

This resolution authorizes the City to accept payment of \$255,000 annually for the years 2012 and 2013 from the Duluth Joint Enterprise Trust for professional services provided by City employees to the Duluth Joint Powers Enterprise Trust. The 2011 payment to the City from the Trust was \$250,000. The Duluth Joint Powers Enterprise Trust Board of Trustees has approved this 2012-2013 agreement and payments.

AGREEMENT FOR PROFESSIONAL SERVICES

DULUTH JOINT POWERS ENTERPRISE TRUST

and

CITY OF DULUTH

THIS AGREEMENT is deemed effective January 1, 2012 by and between the DULUTH JOINT POWERS ENTERPRISE TRUST, a joint powers enterprise established pursuant to Minn. Stat. §471.59 consisting of the City of Duluth, the Duluth Airport Authority, the Duluth Entertainment and Convention Center, and the Duluth Housing and Redevelopment Authority, hereinafter collectively referred to as "JOINT POWERS ENTERPRISE", and the City of Duluth, a Minnesota municipal corporation, hereinafter referred to as "CITY".

WHEREAS, the Minnesota Department of Commerce has determined that the JOINT POWERS ENTERPRISE operates a joint enterprise including a joint self-insurance pool subject to Minn. Stat. §471.59;

WHEREAS, it is the intent of the JOINT POWERS ENTERPRISE to comply with all applicable legal requirements pertaining to joint self-insurance pools, joint powers arrangements, and with all other applicable state and federal laws;

WHEREAS, the JOINT POWERS ENTERPRISE desires to utilize the professional services of CITY to comply with applicable law, including federal and state statutory and regulatory requirements;

WHEREAS, the JOINT POWERS ENTERPRISE desires to utilize the professional services of CITY for administration of the joint-insurance pool;

WHEREAS, the CITY has represented that it is qualified and willing to perform said services as set forth in this proposal;

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, the JOINT POWERS ENTERPRISE and CITY agree as follows:

ARTICLE I

Scope of Professional Services

CITY and its designees shall provide professional services to the JOINT POWERS ENTERPRISE and its designees as further-described in Exhibit A attached hereto, and may provide other professional services as the JOINT POWERS ENTERPRISE may request.

ARTICLE II

Professional Fees and Payment

JOINT POWERS ENTERPRISE shall pay CITY \$255,000.00 annually pursuant to this Agreement. The annual amount of fees paid to CITY by JOINT POWERS ENTERPRISE under this Agreement is based on an average hourly rate of \$150.00 per hour for legal services and \$60.00 per hour for all other professional services. Fees will be billed quarterly and are due and payable to the City of Duluth General Fund within thirty (30) days of request by CITY.

ARTICLE III

Assignability

CITY may assign or transfer any of its rights or interests under this Agreement, subject to approval of JOINT POWERS ENTERPRISE.

ARTICLE IV

Term

This Agreement shall be deemed effective January 1, 2012, and shall remain in effect for a period of two (2) years, unless terminated earlier as provided for herein.

ARTICLE V

Termination of Services

JOINT POWERS ENTERPRISE or CITY may, by giving at least thirty (30) days written notice, terminate this Agreement with or without cause.

ARTICLE VI

Conflict of Interest and Disclosure

1. The parties acknowledge that the City Attorney's Office is a subdivision and employee of the City of Duluth, a Minnesota municipal corporation, and that the City of Duluth is only one of the members of the JOINT POWERS ENTERPRISE. Although the interests of the City of Duluth and JOINT POWERS ENTERPRISE are generally consistent, it is recognized and understood by the parties that differences may exist or become evident during the course of the professional representation as between the City of Duluth and JOINT POWERS ENTERPRISE. CITY may have different interests in the JOINT POWERS ENTERPRISE than other members – the Duluth Airport Authority, the Duluth Entertainment and Convention Center, and the Duluth Housing and Redevelopment Authority
2. The parties acknowledge that Section 26 of the Duluth City Charter provides that the City Attorney "shall be the legal advisor of the council and of the officers of the City and shall, under the direction of the council, prosecute all suits for, and defend all suits brought against, the City, and shall prosecute all persons accused of any violation of city ordinance." Therefore, the parties acknowledge that the City Attorney's Office is legally required to and will prosecute all suits for the City of Duluth against JOINT POWERS

ENTERPRISE and will defend all suits against the City of Duluth by JOINT POWERS ENTERPRISE if a conflict arises.

3. CITY and JOINT POWERS ENTERPRISE acknowledge that the Duluth City Attorney's Office has communicated adequate information and explanation of the material risks of its representation and reasonably available alternatives, including but not limited to, hiring other legal counsel.
4. CITY and JOINT POWERS ENTERPRISE agree to representation of JOINT POWERS ENTERPRISE by the Duluth City Attorney's Office regarding applicable legal requirements pertaining to joint self-insurance pools, joint powers arrangements, and with all other applicable state and federal laws, and other related professional services as the JOINT POWERS ENTERPRISE may request.
5. CITY and JOINT POWERS ENTERPRISE hereby waive the conflict of interest and agree to the professional representation of JOINT POWERS ENTERPRISE by the Duluth City Attorney's Office.

ARTICLE VII

Notices

Notice to JOINT POWERS ENTERPRISE provided for herein shall be sufficient if sent by the regular United States mail, postage prepaid, addressed to the parties at the addresses hereinafter set forth or to such other respective persons or addresses as the parties may designate to each other in writing from time to time.

JOINT POWERS ENTERPRISE:

David Montgomery
Chairman of the Board of Trustees for the
Joint Powers Enterprise
Room 402 City Hall
411 West First Street
Duluth, MN 55802

CITY:

City Attorney
City Attorney's Office
Room 410 City Hall
411 West First Street
Duluth, MN 55802

ARTICLE VIII

Waiver

Any waiver by either party of any provision of this Agreement shall not imply a subsequent waiver of that or any other provision.

ARTICLE IX

Applicable Law

This Agreement, together with all of its paragraphs, terms, and provisions is made in the State of Minnesota and shall be construed and interpreted in accordance with the laws of the State of Minnesota.

ARTICLE X

Severability

In the event any provision herein shall be deemed invalid or unenforceable, the remaining provisions shall continue in full force and effect and shall be binding upon the parties to this Agreement.

ARTICLE XI

Amendments

Any amendment or modification to this Agreement shall be in writing and shall be executed by the same parties who executed the original agreement or their successors in office.

**IN WITNESS WHEREOF, the parties have caused this Agreement to be duly
executed intending to be bound thereby.**

CITY OF DULUTH, a Minnesota municipal
corporation

**DULUTH JOINT POWERS
ENTERPRISE TRUST**

By _____
Its:
Dated _____

By _____
David Montgomery
Chairman of the Board of Trustees
Dated _____

By _____
Its:
Dated _____

Countersigned:

City Auditor
Dated _____

Approved as to form:

City Attorney
Dated _____

**Duluth JPE Trust
City of Duluth
2012 Professional Services
Summary**

Department	Annual Hours
• Administration	180 hours
• Finance	1016 hours
• Human Resources	3030 hours
• Legal	175 hours
	Total - 4401 Hours
	Average Hourly Rate with Benefits & Provision for Support Services - \$60.00/hr
	\$264,060

EXHIBIT A

**Duluth JPE Trust
Administration Department
2012 Professional Services**

Description of Services	Annual Hours	Responsibility
<ul style="list-style-type: none"> • Developing agendas and board meeting schedules • Taking board meeting minutes and updating web site information • Communications with board members and interested parties • Researching agenda topics and coordinating information presented to the board 	180 hrs annually (15 hrs/month)	Position Responsibility: Executive Assistant
Total Administrative Department Services	180 hours annually	

**Duluth JPE Trust
City Attorney's Office
2012 Professional Services**

Description of Services	Annual Hours	Responsibility
Legal <ul style="list-style-type: none"> • Determine benefits compliance • Contract drafting and review • Plan document drafting and review • Civil litigation • Determine and coordinate claims subrogation • Defend against all legal claims • Risk analysis • Open enrollment guidance • Advise JPE Trust Board of Trustees • Attendance and presentations at JPE Board of Trustees Meetings • Prepare JPE Trust resolutions • Other legal services as requested 	175 hrs / year (3.37 hrs/ week)	Attorney (90%) Paralegal (10%)
Total City Attorney's Office Services	175 hours annually	

**Duluth JPE Trust
Finance Department
2012 Professional Services**

Description of Services	Annual Hours	Responsibility
Treasury <ul style="list-style-type: none"> Process Genesis collections Process ACH transactions between the City and JPE Trust 	24 hrs annually (2 hrs/month) 24 hrs annually (2 hrs/month)	Position Responsibility: City Treasurer – 50% Finance Specialist – 50%
Auditor's Office <ul style="list-style-type: none"> Record weekly draw requests for Health Partners claims Record bi-monthly draw requests for Clear Script claims Record monthly draw requests for Delta Dental claims Review and approve invoices for payment Reconcile and allocate cobra collections Reconcile and account for plan participants Prepare, analyze and distribute monthly financial reports Prepare Ad Hoc reports and financial analysis on a request basis Prepare annual premium rate calculations and analysis Coordinate the annual audit process including work paper preparation Provide miscellaneous analysis and review Reconcile accounting records to North Shore Bank trust records 	84 hrs annually (7 hrs/month) 36 hrs annually (3 hrs/month) 24 hrs annually (2 hr/month) 96 hrs annually (8 hrs/month) 96 hrs annually (8 hrs/month) 96 hrs annually (8 hrs/month) 120 hrs annually (10 hrs/month) 24 hrs annually (2 hrs/month) 80 hrs annually 120 hrs annually 96 hrs annually (8 hrs/month) 96 hrs annually (8 hrs/month)	Position Responsibility: Chief Financial Officer (5%) City Auditor (20%) Financial Analyst (50%) Finance Specialist (25%)
Total Finance Department Services	1016 hours annually	

Duluth JPE Trust
Human Resources Department
2012 Professional Services

Description of Services	Annual Hours	Responsibility
HealthPartners / ClearScript / Delta Dental Enrollment and Changes <ul style="list-style-type: none"> Manual data entry with TPAs (HealthPartners, ClearScript, and Delta Dental) for each subscriber Coordination of site codes with TPA, in NW & in retiree database 	910 hrs / year (52 weeks x 15 – 20 hrs/ week)	Employee Benefits Rep (50%) HR Technician (50%)
Genesis COBRA/Retiree Billing <ul style="list-style-type: none"> COBRA/Retiree billing set-up, renewal Intake forms QB (employees and/or dependents, depending on situation) & SPM data entry with Genesis TPA changes, database changes Appeals Ongoing administration (contracts, Plan Document) 	650 hrs / year (52 weeks x 10 – 15 hrs/ week)	Employee Benefits Admin. (30%) Employee Benefits Rep (30%) HR Manager (10%) HR Technician (30%)
Open Enrollment <ul style="list-style-type: none"> Prepare OE material – letters, forms, guides, Benefit Statements, announcements, posters, etc. Update website, provide links to carriers & forms, online submission Copies, Paper, Envelopes, Postage Collate, match up material to group classification Manual updates with TPAs, New World and ACCESS Retiree Database (track subscribers and dependents, site numbers, maintain demographic information, plan elections/changes, benefit coordination, various payment set-up, etc.) Prep and coordinate all OE meetings, arrange for video taping 	340 hrs / year (17 weeks x 20 hrs/week)	Employee Benefits Admin. (30%) Employee Benefits Rep (20%) HR Manager (10%) HR Technician (20%) HR Assistant (20%)
Benefit Statements <ul style="list-style-type: none"> Actives programming 	90 hrs / year (6 weeks x 15 hrs/	Employee Benefits Admin. (20%) Employee Benefits Rep (20%)

Duluth JPE Trust
Human Resources Department
2012 Professional Services

Description of Services	Annual Hours	Responsibility
<ul style="list-style-type: none"> • Retirees programming • Copies, Paper, Envelopes, Postage • Follow up administration (e.g., corrections, explanations/etc.) 	week)	HR Assistant (20%) HR Tech (20%) Programmer Analyst (20%)
Administration <ul style="list-style-type: none"> • Benefits compliance (including health care reform, COBRA, MN Continuation, etc.) • Risk analysis • Summary Plan Descriptions, Plan Amendments • Program maintenance and implementation (e.g., step therapy, MTM, etc.) • Troubleshooting/resolve contract issues • Retiree Drug Subsidy • Health/Rx/Dental Appeals • Ongoing TPA administration • Wellness coordinator • Benchmarking/Surveys • Coordinate work with CBIZ (RFPs, claims analysis, rate setting, renewals, etc.) • Preparation for JPE Board & LMC subcommittee meetings & attendance, follow up work (e.g., minutes, coordinating meetings, agenda preparation, etc.) 	1,040 hrs / year (52 weeks x 20 hrs/week)	Employee Benefits Admin. (40%) Employee Benefits Rep (20%) HR Manager (15%) HR Technician (15%) HR Assistant (10%)
Total Human Resource Department Services	3030 hours annually	